

PUBLIC PROTECTION CABINET
Department of Insurance
Division of Health, Life Insurance and Managed Care
(As Amended at ARRS, September 14, 2021)

806 KAR 17:260. Conversion policy minimum benefits.

RELATES TO: KRS 304.17A, ~~304.18-110~~, 304.18-114~~[304.18-110]~~, 304.18-120(2), 29 C.F.R 2590.715-2713(a), 29 C.F.R 2590.715-2713(b)

STATUTORY AUTHORITY: KRS 304.2-110(1), 304.18-120(2)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110(1) authorizes ~~[provides that]~~ the Commissioner ~~[executive-director]~~ of Insurance to promulgate ~~[may make reasonable]~~ administrative regulations necessary for or as an aid to the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010 ~~[through KRS 304.99-154]~~. KRS 304.18-120(2) requires the department ~~[office]~~ to promulgate administrative regulations to establish minimum benefits for a conversion policy issued pursuant to the conversion privilege contained in a group health policy. ~~[The purpose of]~~ This ~~[This]~~ administrative regulation establishes ~~[is to establish]~~ ~~[establishes]~~ those requirements.

Section 1. Definitions. (1) "Conversion policy" means an individual health policy issued to an insured person pursuant to a conversion privilege contained in a group health policy upon termination of the insured person's coverage under the group policy.

(2) "FFS" means a fee-for-service product type.

(3) "Group policy" is defined by ~~[in]~~ KRS 304.18-110(1)(a).

(4) "HMO" means a health maintenance organization product type.

(5) "POS" means a point-of-service product type.

(6) "PPO" means a preferred provider organization product type.

(7) "Preventive Health Service" means the service described by 29 C.F.R 2590.715-2713(a) and (b).

Section 2. Plan Cost Sharing and Minimum Benefits. (1) The out-of-pocket limit for covered expenses incurred during a plan year for a converted policy issued pursuant to a conversion privilege contained in a PPO, FFS, HMO, or POS product shall be no more than:

(a) \$7,000 ~~[\$6,000]~~ for a single person; and

(b) \$14,000 ~~[\$12,000]~~ for a family.

~~[(2) The deductible and out-of-pocket limit for covered expenses incurred during a plan year for a converted policy issued pursuant to the conversion privilege contained in a group FFS or PPO product shall be no more than:~~

~~(a) \$6,000 for a single person and an out-of-pocket limit of \$6,000 after the deductible; and~~

~~(b) \$12,000 for a family and an out-of-pocket limit of \$12,000 after the deductible.~~

Section 3. Minimum Benefits. (1) A converted policy issued pursuant to the conversion privilege contained in a HMO or POS product shall include the following minimum benefits:

(a) In hospital care:

1. Inpatient hospital room and board benefits in a maximum copayment amount of \$1,000 per admission; and

2. Coverage benefits in a maximum copayment amount of \$1,000 per admission for transplants, including:

- a. Kidney;
- b. Cornea;
- c. Bone marrow;
- d. Heart;
- e. Liver;
- f. Lung;
- g. Heart/lung; and
- h. Pancreas.

(b) Outpatient care:

- 1. Ambulatory outpatient surgery benefits in a maximum copayment amount of \$500 per visit;
- 2. Provider office visits benefits in a maximum copayment amount of thirty (30) dollars per visit; and
- 3. Diagnostic tests benefits in a maximum copayment amount of thirty (30) dollars per testing session.

(c) Emergency care:

- 1. Hospital emergency room benefits in a maximum copayment amount of \$150 per visit; and
- 2. Ground ambulance benefits in a maximum copayment amount of seventy five (75) dollars per use.

(d) Medicare hospice benefit.]

(2) A converted policy issued pursuant to the conversion privilege contained in a group HMO, POS, FFS, or PPO product shall include the following minimum benefits:

(a) In hospital care:

- 1. Inpatient hospital room and board benefits in a maximum coinsurance amount of fifty (50) percent; and
- 2. Coverage benefits in a maximum coinsurance amount of fifty (50) percent for transplants, including:

- a. Kidney;
- b. Cornea;
- c. Bone marrow;
- d. Heart;
- e. Liver;
- f. Lung;
- g. Heart or/lung; and
- h. Pancreas.

(b) Outpatient care:

- 1. Ambulatory outpatient surgery benefits in a maximum coinsurance amount of fifty (50) percent;
- 2. Provider office visits benefits in a maximum coinsurance amount of fifty (50) percent; and
- 3. Diagnostic tests and Laboratory benefits in a maximum coinsurance amount of fifty (50) percent;

(c) Emergency care:

- 1. Hospital emergency room benefits in a maximum coinsurance amount of fifty (50) percent; and
- 2. Ground ambulance benefits in a maximum coinsurance amount of fifty (50) percent.

(d) Medicare hospice benefits.

(e) Prescription drug benefits in a maximum coinsurance amount of fifty (50) percent.

(f) Maternity Benefits in a maximum coinsurance amount of fifty (50) percent.

(g) Mental Health and Substance Abuse Benefits:

1. Inpatient Benefits in a maximum coinsurance amount of fifty (50) percent; and

2. Outpatient Benefits in a maximum coinsurance amount of fifty (50) percent.

(h) Rehabilitative and Habilitative Benefits in a maximum coinsurance amount of fifty (50) percent.

(i) Preventive Health Service shall be covered at 100 percent.

(j) Pediatric Benefits in a maximum coinsurance amount of fifty (50) percent.

CONTACT PERSON: Abigail Gall, Executive Administrative Secretary, 500 Mero Street, Frankfort, Kentucky 40601, phone (502) 564-6026, fax (502) 564-1453, email abigail.gall@ky.gov.